

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 21-22, 2003

Reference No.: 3.6
Information Item

From: ROBERT L. GARCIA
Chief Financial Officer

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Chief
Division of Rail

Ref: **INTERCITY RAIL – 3RD QUARTER OPERATIONS REPORT FOR FY 2002-03**

SUMMARY

This is the Intercity Rail Operations Report requested by the California Transportation Commission (Commission) for the 3rd Quarter of FY 2002-03. The report provides ridership, farebox ratio, passenger miles per train mile, and on-time performance measures, with descriptive text for each route.

California provides financial and administrative support for expanded Amtrak intercity rail passenger service on three corridors within the state: the *Pacific Surfliner* Route between San Diego, Los Angeles and San Luis Obispo, the *San Joaquin* Route to Bakersfield from both Oakland and Sacramento, and the *Capitol Corridor* between the Sacramento region, Oakland and San Jose. These corridors are, respectively, the second, fifth and fourth busiest routes in the entire national Amtrak system. State support for the first two corridors is administered by the Department of Transportation (Department), while support for the third is administered by a separate agency, the Capitol Corridor Joint Powers Authority, using funding provided through the Department.

Performance of California's State-supported Amtrak intercity rail passenger service improved significantly in the winter of 2003, compared to the same period in 2002. Continuing the trend that started in September, total ridership on the three routes increased 12.8 percent in the third quarter of FY 2002-03, compared to the same quarter in FY 2001-02.

Financial information for the third quarter is not yet available from Amtrak. It is based on the actual invoices submitted to California by Amtrak, and it traditionally lags a couple of months behind ridership information because of the time it takes Amtrak to assemble its detailed cost data and distribute it to the various individual trains in the Amtrak system before billing California and other supporting states. Financial information for the *second* quarter of FY 2002-03 is included in this report.

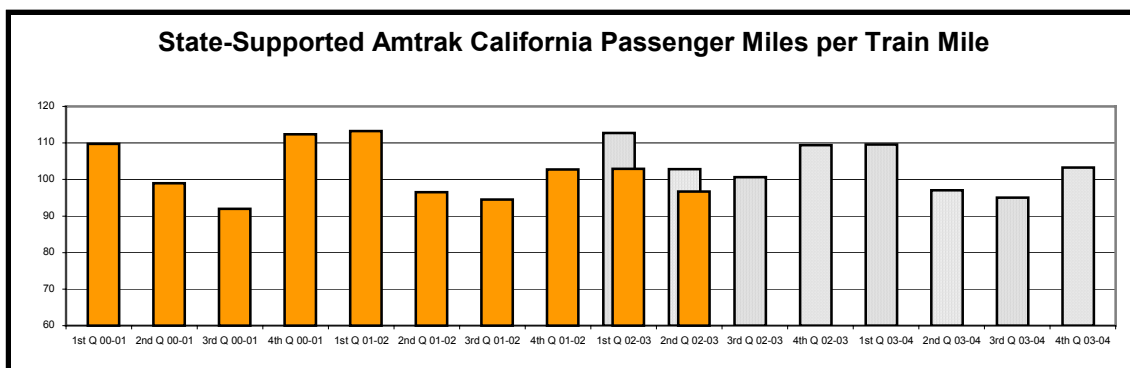
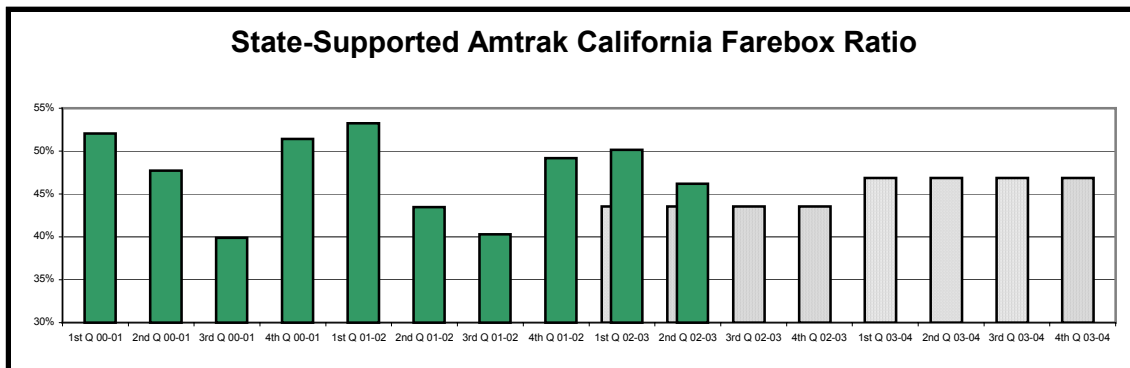
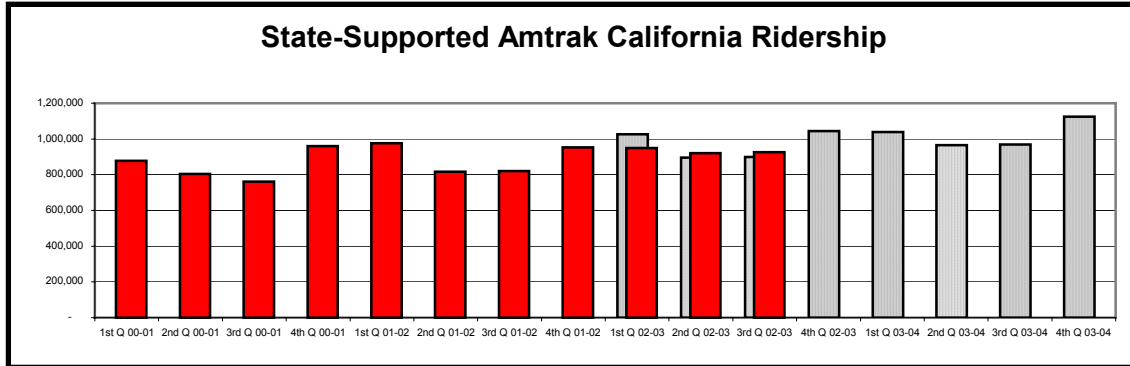
In the second quarter, total revenue on the three routes increased 10.7 percent, compared to the same quarter in FY 2001-02, while total expenses only increased by 4.2 percent. This resulted in a 3-point gain in the farebox ratio, from 43 percent in 2001-02 to 46 percent in 2002-03.

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Passenger Miles per Train Mile (PM/TM), a measure of the average number of passengers on board an individual train at any one time, were 97 this year, the same as last year. That PM/TM did not increase is a continuing short-term effect of the addition of the sixth San Joaquin, which increased daily train miles in March 2002.

Shown following are graphs depicting the combined results of the three State-supported rail corridors in California. Route specific charts are in the sections for each route that follow.

BACKGROUND



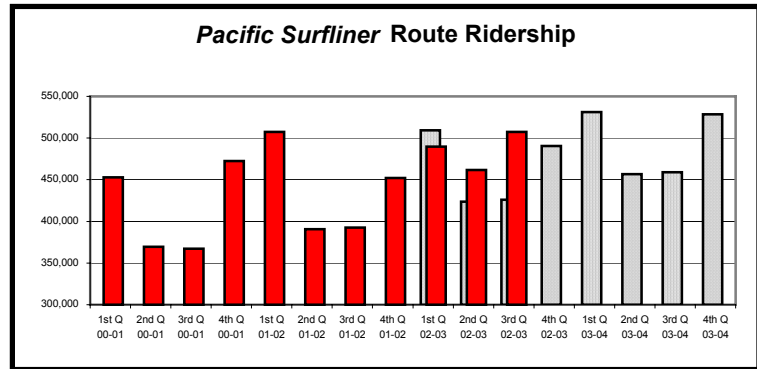
Note: Solid Bars reflect actual data; Shaded Bars reflect Business Plan Projections

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Pacific Surfliner Route

There are currently eleven weekday round trips between Los Angeles and San Diego, four of which are through trains between San Diego and Goleta (Santa Barbara). One of the four Santa Barbara round trips continues north to and from San Luis Obispo. On weekends there is a twelfth round trip between San Diego and Los Angeles and a fifth round trip between Los Angeles and Goleta.

Pacific Surfliner ridership soared again in the third quarter of FY 2002-03 (January through March 2003), topping 500,000 for the first time in a year and a half. With increases of 25 percent or more in all three months, total ridership for the quarter was 29.2 percent higher than the same quarter the previous year. This exceeded the Business Plan projection for the quarter by sixteen percent. For the first three quarters of the fiscal year combined (July 2002 thru March 2003), total ridership was 13.0 percent above the same time period of the previous year.



Much of the growth in the third quarter is directly attributable to the “Rail 2 Rail” program, which provides the mutual honoring of Amtrak and Metrolink tickets for travel on trains of either system. More than 20,000 passengers per month are now taking advantage of this program. The afternoon and early evening departures south from Los Angeles experienced the largest increases over the same months last year, demonstrating the increased convenience of being able to treat the two systems as a single service has made rail travel much more attractive throughout the Los Angeles basin.

Participation in the “Kids ‘n Trains” school group program developed by the Department continues to increase. School group ridership in the third quarter of FY 2002-03 was up 83 percent from the previous year, and the *Pacific Surfliner* total for the quarter actually surpassed the total on the *San Joaquins* for the first time. Advance bookings for spring trips (the peak season for schools) are up substantially.

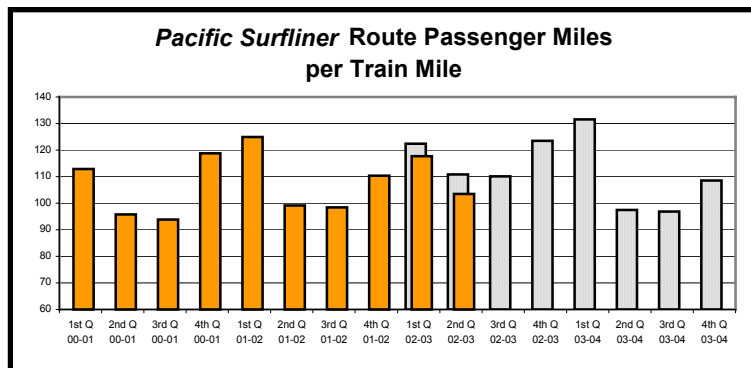
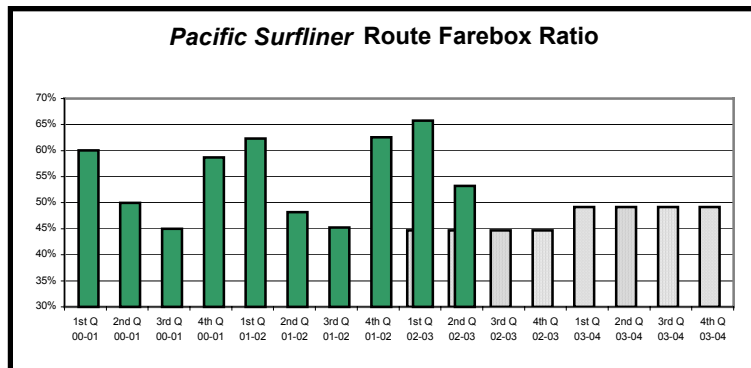
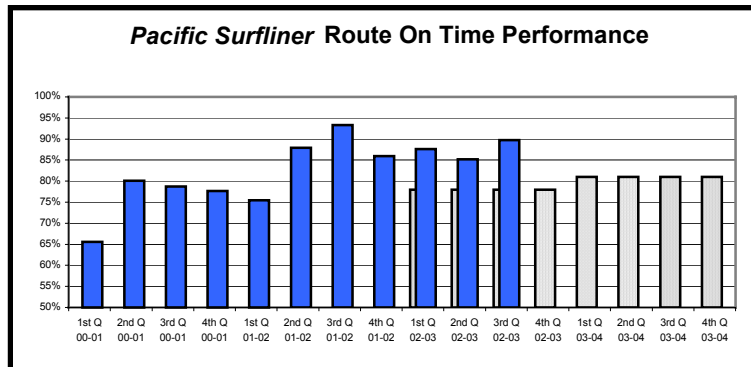
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Pacific Surfliner Route (continued)

On-time performance in the third quarter, although slightly lower than the previous year, remained above 85 percent for the sixth consecutive quarter. This is significantly above the Business Plan projection.

Financial information for the third quarter is not yet available from Amtrak. In the second quarter of FY 2002-03 (October through December 2002) *Pacific Surfliner* revenue increased by 9.2 percent compared to the same quarter the previous year. Expenses, on the other hand, decreased by 1.1 percent in the same period. As a result, the farebox ratio for the quarter improved from 48 percent to 53 percent.

Passenger miles per train mile, a measure of the average number of passengers on board an individual train at any one time, increased slightly from the previous year. That Passenger Miles per Train Mile (PM/TM) increased less than total ridership indicates that the growth in riders was in shorter-than-average trips. This is, at least in part, an effect of the "Rail-2-Rail" program which brings short-distance Metrolink riders onto the Amtrak trains.

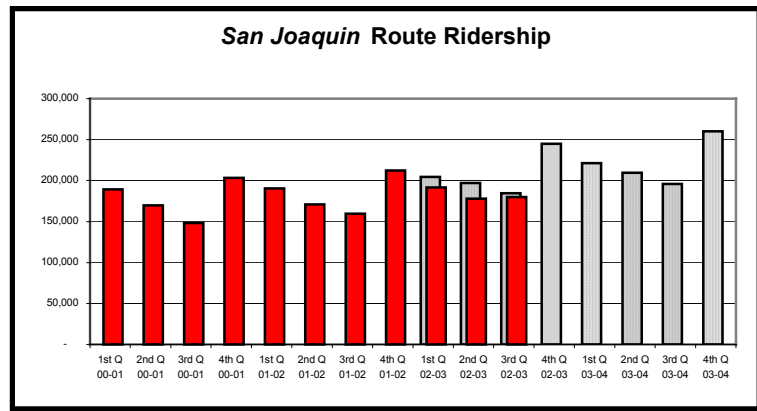


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San Joaquin Route

There are currently six daily train round trips serving the *San Joaquin Route*, four operating between Bakersfield and Oakland/San Francisco and two operating between Bakersfield and Sacramento. All six round trips have dedicated bus connections to stations throughout Southern California. On the north end, similar buses connect Sacramento with the Oakland trains and San Francisco/Oakland with the Sacramento trains, thus providing six daily arrivals and departures for both northern terminals. Additional connecting buses provide feeder service to communities throughout the north end of the State.

The *San Joaquins* posted ridership records in all three months of the third quarter. Total ridership for the third quarter of FY 2002-03 (January through March 2003) increased 12.7 percent compared to the same quarter the year before. It was, however, 2.4 percent below the projection in the Business Plan. For the first three quarters of the fiscal year combined (July 2002 thru March 2003), total ridership was 5.5 percent above the same time period of the previous year.



Train ridership to and from Sacramento increased more than 125 percent in the quarter (compared to the third quarter of FY 2001-02) as a result of the addition of the second direct Sacramento-Bakersfield train in March 2002. Quantifying ridership south of Stockton on the new train is much more difficult, as there were already five round trips in the San Joaquin Valley itself, and the new train represents only a 20 percent service increase. Nonetheless, the new train filled a large gap in the spacing of train schedules south of Stockton and made Valley travel much more convenient. In particular, it provides a Fresno arrival from the south before 10:00 AM and a much more attractive morning departure from Bakersfield.

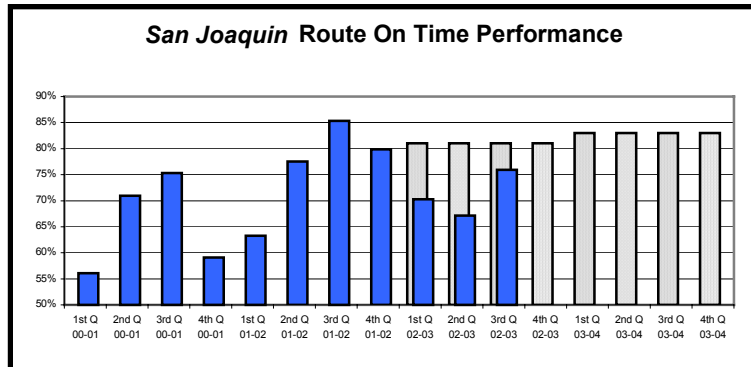
Participation in the “Kids ‘n Trains” school group program developed by the Department continues to increase. School group ridership in the third quarter of FY 2002-03 was up 71 percent from the previous year, and advance bookings for spring trips are also up significantly. This program continues to serve as an introduction for children, and their teachers and chaperones, to the experience of train travel. Other states that support train service in partnership with Amtrak have used California’s program as a pattern for programs of their own.

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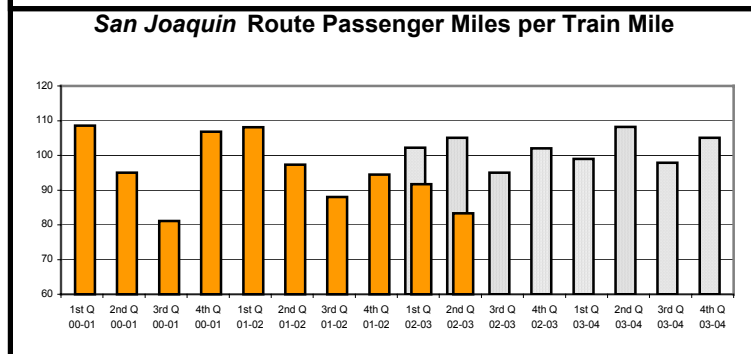
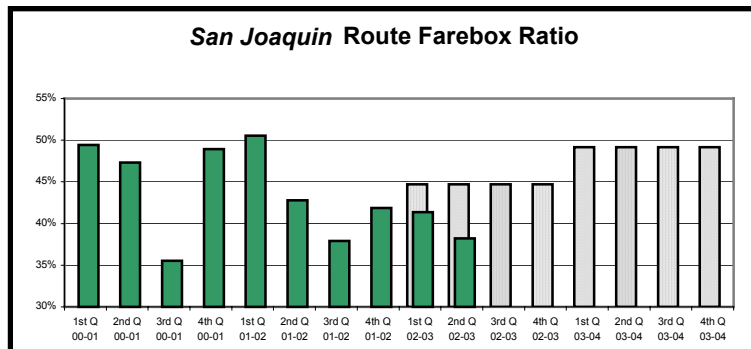
San Joaquin Route (continued)

On time performance, although up almost ten percent from the previous quarter, was again below the same quarter in the prior year. This may be due, in part, to unusually high levels of freight traffic generated by Bay Area ports recovering from last fall's dockworkers strike.

Financial information for the third quarter is not yet available from Amtrak. In the second quarter of FY 2002-03 (October through December 2002) the *San Joaquin's* farebox ratio declined from 43 percent to 38 percent compared to the same quarter the previous year. Although less than the decline in the first quarter, this continues to reflect the introduction of the sixth round trip in March 2002. A new service or frequency causes costs to rise immediately in direct proportion to the service increase (in this case twenty percent), while revenues and ridership build up gradually over the first year. Passenger miles per train mile can also be expected to decline slightly following a service increase for essentially the same reason, and that has happened.



through December 2002) the *San Joaquin's* farebox ratio declined from 43 percent to 38 percent compared to the same quarter the previous year.



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Capitol Corridor

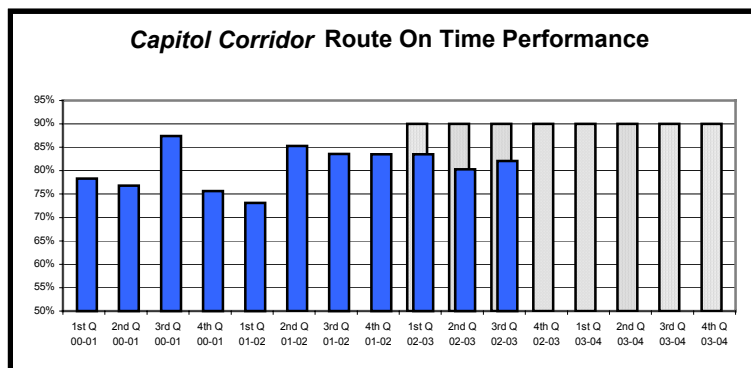
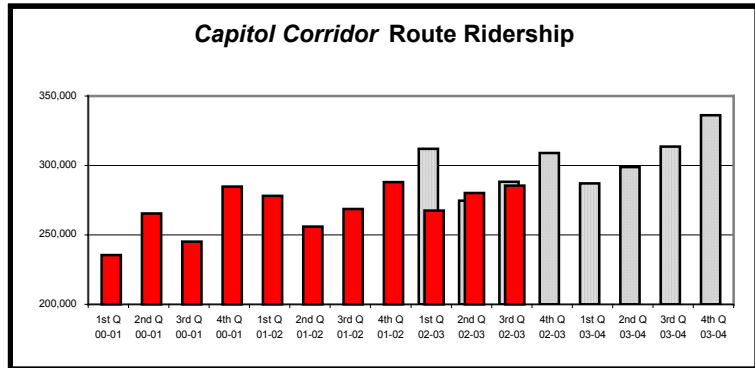
There are currently twelve weekday round trips between Oakland and Sacramento, with the twelfth one having just been added in April 2003. One round trip each day continues to and from Auburn, and four round trips extend beyond Oakland to San Jose. On weekends there are nine Oakland-Sacramento round trips, with six round trips extending to San Jose and one to Auburn.

The Capitol Corridor posted ridership records in all three months of the third quarter. Total ridership for the third quarter of FY 2002-03 (January through March 2003) increased 6.3

percent compared to the same quarter the year before, and it was only 0.9 percent below the projection in the Business Plan. For the first three quarters of the fiscal year combined (July 2002 thru March 2003), total ridership was 3.8 percent above the same time period of the previous year.

Regular riders, using multi-ride tickets, continue to increase and now account for over half the total ridership on the Capitol Corridor. Ridership between Sacramento/Davis and the Bay Area increased significantly, and local travel between Sacramento and Placer County continues to grow. Weekend growth was aided by special “Buy One-Get One Free” and “Kids Ride Free” promotions.

On time performance held above 80 percent for the sixth quarter in a row, impacted by increased track work and freight train interference. Completion of current and scheduled track improvements should reduce interference problems and bring on time performance up to the goal of 90 percent.



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Capitol Corridor (continued)

Financial information for the third quarter is not yet available from Amtrak. In the second quarter of FY 2002-03 (October through December 2002) Capitol Corridor revenues increased by 4.4 percent compared to the same quarter the previous year, while expenses increased by 6.3 percent. As a result, the farebox ratio slipped from 36 percent to 35 percent. Passenger miles per train mile increased slightly, compared to both the prior quarter and the same quarter the previous year.

